

**State Allocation Board
Implementation Committee
December 4, 2002**

Implementation of AB 1506 – Labor Compliance

BACKGROUND

Assembly Bill (AB) 1506, Chapter 868, Statutes of 2002, requires that the State Allocation Board receive a written finding from the local school board that a labor compliance program (LCP) for the project apportioned under the SFP has been initiated and enforced prior to a release of funds. This requirement is applicable to fund releases made for any SFP new construction or modernization project for which work commenced on or after April 1, 2003.

In addition, the State Allocation Board is required to increase the per-pupil grants to reflect the increased costs of the initiation and enforcement of the LCP.

PROPOSALS

Affected Projects

Prior to receiving a fund release, a district shall be required to make the certification as described in Labor Code Section 1771.7 if both of the following circumstances exist:

- The district has a project which received and apportionment from the funding provided in Proposition 47, and
- A contract for any work of construction on the project has been or will be signed after April 1, 2003.
- Therefore, applications which receive funding from Proposition 47, and which are not reimbursements of costs for contracts signed prior to 4/1/2003, will have to make the certification on the Fund Release Authorization, Form SAB 50-05.

Implementation

The Office of Public School Construction (OPSC), in concert with the Department of Industrial Relations, will develop a model Labor Compliance Program for use by applicant school districts. The purpose of the model LCP will be the following:

- To assist Districts in preparing a program which meets the requirements on Labor Code Section 1771.5 (b).
- To assist Districts in obtaining timely approval of the LCP by the Department of Industrial Relations, if that is necessary.
- To provide a guide to the elements of a LCP which will be subject to post award compliance audit by the OPSC.

The model LCP contains at least the following elements:

- Introduction of LCP Concepts
- Benefits of a Comprehensive LCP
- Narrative of LCP Components
- District Staff Responsibilities
- LCP Checklist
- Flow Chart of the Public Works Process Emphasizing LCP Actions
- Commonly Used Terms
- Model LCP Manual
- Contact Information

A copy of the draft LCP is attached.

Grant Increase

AB 1506 requires the State Allocation Board to increase the per pupil grant amounts in EC Section 17072.10 and 17074.10 to accommodate the State's share of the increased cost of new construction and modernization projects due to the initiation and enforcement of a labor compliance program.

The grant increases shall be made to any new construction or modernization SFP projects, funded or unfunded, which are subject to the requirements of AB 1506.

Emergency Regulations

The State Allocation Board shall adopt the proposed regulations as emergency regulations on the basis that fund releases will not be made to affected projects after April 1, 2003, and that failure to fund projects in a timely manner will adversely affect the students and faculty to be housed in the projects.

LABOR CODE

1771.5. (a) Notwithstanding Section **1771**, an awarding body shall not require the payment of the general prevailing rate of per diem wages or the general prevailing rate of per diem wages for holiday and overtime work for any public works project of twenty-five thousand dollars (\$25,000) or less when the project is for construction work, or for any public works project of fifteen thousand dollars (\$15,000) or less when the project is for alteration, demolition, repair, or maintenance work, if the awarding body elects to initiate and enforce a **labor** compliance program pursuant to subdivision (b) for every public works project under the authority of the awarding body.

(b) For the purposes of this section, a **labor** compliance program shall include, but not be limited to, the following requirements:

(1) All bid invitations and public works contracts shall contain appropriate language concerning the requirements of this chapter.

(2) A prejob conference shall be conducted with the contractor and subcontractors to discuss federal and state **labor** law requirements applicable to the contract.

(3) Project contractors and subcontractors shall maintain and furnish, at a designated time, a certified copy of each weekly payroll containing a statement of compliance signed under penalty of perjury.

(4) The awarding body shall review, and, if appropriate, audit payroll records to verify compliance with this chapter.

(5) The awarding body shall withhold contract payments when payroll records are delinquent or inadequate.

(6) The awarding body shall withhold contract payments equal to the amount of underpayment and applicable penalties when, after investigation, it is established that underpayment has occurred.